

AM I ENTITLED TO ANY OTHER BENEFITS AFTER I RETIRE?

Yes. One is the post retirement allowance, which is an automatic annual increase of 2½% of your basic pension beginning the year after your retirement on July 1 and on each July 1 thereafter. This allowance is designed to help offset the rising cost of living and it has no ceiling.

Another is the Health benefits, primarily the medical, adult dental, vision, prescription and life insurance. Health benefits are subject to change.

WHAT IF I BECOME DISABLED?

You can apply for ordinary or service-connected disability retirement. If you are incapacitated and unable to file your own application for disability benefits, the person appointed by the family court as guardian can file on your behalf.

To qualify for ordinary disability retirement,

- you must be in service or on a approved leave of absence without pay at the time an application is filed
- you must have at least 10 years of credited service excluding sick leave credit
- and the ERS Medical Board must find that you are permanently disabled due to natural causes.

To qualify for service-connected disability retirement,

- the ERS Medical Board must find that you are permanently disabled for your job due to an accident that happened while you were working that was not due to your willful negligence.
- Also, your employer must file an accident report with the Department of Labor and Industrial Relations and provide the ERS with a copy.
- An application for service-connected disability retirement must be filed within two years of the accident or the date workers' compensation benefits stop.

WHAT KIND OF BENEFITS AM I ENTITLED TO IF I BECOME DISABLED?

If you are determined to be permanently disabled due to natural causes and you have at least 10 years of credited

service, you are entitled to an ordinary disability pension for life of your calculated retirement pension without age reduction.

Regardless of service, if you are permanently disabled for all gainful employment as a result of a service-connected accident you are entitled to a refund of your accumulated contributions and a pension of 35% of your AFC for life.

WHAT KIND OF BENEFIT WILL MY BENEFICIARY RECEIVE IF I DIE IN SERVICE?

If your death is due to natural causes your beneficiary will receive a payment made up of your contributions and interest. In lieu of this lump sum payment, your beneficiary may elect a lifetime pension if you were eligible to retire when your death occurred. If you were not eligible to retire but had at least 10 years of credited service, your beneficiary may elect a reduced lifetime allowance. These benefits are available only if one beneficiary is designated.

If your death is due to a job-related accident, your spouse will receive a monthly pension of one-half of your average salary until remarriage.

The payment of in-service death benefits is governed by the designation of beneficiary form you complete when you are first employed. Since any change in marital status or the death of your beneficiary nullifies this designation, it is crucial that you file a new designation whenever such a change occurs. Failure to do so may result in death benefits being paid to your estate instead of your beneficiary, as well as probate and additional legal fees.

AM I ENTITLED TO ANY BENEFITS IF I TERMINATE MY EMPLOYMENT?

You may request a refund, but would forfeit any future retirement benefit. If you are credited with less than 5 years of service, your contributions plus interest will be refunded to you. If you are credited with 5 or more years of service, your refund would equal 150% of your Hybrid contributions and interest. **REFUNDED HYBRID SERVICE CANNOT BE ACQUIRED IF YOU ARE REEMPLOYED.**

However, if you are credited with 5 or more years of service at the time of your termination, you are considered vested and can apply for a retirement benefit at age 62 if you leave your contributions in the ERS.

YOUR RETIREMENT SYSTEM

Hybrid Plan

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EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII

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WHAT IS THE RETIREMENT SYSTEM?

The Employees' Retirement System (ERS) of the State of Hawaii was established in 1926 to provide retirement allowances and other benefits to State and County government employees. The general administration of the ERS is under the direction of a Board of Trustees with certain areas of administrative control with the Department of Budget and Finance.

The ERS administers a retirement and survivor benefits program for State and County government employees; collects retirement contributions from members; provides pre-retirement counseling services; conducts disability hearings and appeals; review claims for retirement, disability, and death benefits and certifies these benefits for payments; processes semi-monthly pension checks to retirees and beneficiaries; accounts for and safeguards assets in the ERS investment portfolio; and invests funds to help finance this program.

AM I REQUIRED TO BE A MEMBER OF THE ERS?

Yes. If you are a full-time, part-time (50% FTE or more), permanent or temporary (more than 3 months) employee of the State or County it is mandatory that you become a member of the ERS immediately upon your employment. It is not an optional matter, except for elected officers, as the law requires your membership as a condition of your employment.

HOW MUCH MUST I CONTRIBUTE TO THE ERS?

The law requires that you contribute via payroll deductions, 6% of your monthly gross salary.

In addition, you are required to contribute to Social Security and Medicare at a rate determined by Congress.

HOW MUCH DOES MY EMPLOYER CONTRIBUTE TO THE ERS?

Your employer's contributions to the ERS are actuarially determined each year and vary in amount. The ERS' actuary annually evaluates the ERS' membership profile and financial data to determine the amount the employers must contribute.

Your employer's contributions to Social Security are on a matching basis.

WHAT HAPPENS TO MY CONTRIBUTIONS?

Your contributions are credited to your ERS account and earn 4½% interest compounded annually as required by law. You are sent an annual statement of your account as of June 30 every year. The statement is usually sent to your employer in October for distribution.

These contributions are tax deferred until you retire or terminate employment and request a refund of your contributions.

CAN I BORROW FROM OR WITHDRAW MY CONTRIBUTIONS?

No. The law prohibits personal loans even if it is your own contributions. Your contributions may be withdrawn only upon termination of your employment or at retirement providing certain requirements are met.

HOW DO I EARN SERVICE CREDIT?

The length of time you work for the State or County government while a member of the ERS determines when you will be eligible for retirement and also affects how much your retirement benefits will be. Service is credited on a monthly basis and if you work for 15 or more days in any calendar month, except February when you must work 14 or more days, you will receive one month of service credit.

Also, if you have 60 or more days of unused sick leave when you retire and leave government service in good standing, you will receive an additional month of service credit for every 20 days of unused sick leave. Any balance of 10 or more days will provide an additional month of service credit.

Service credit provided by unused sick leave is used to increase the amount of your retirement benefit but cannot be used to determine your eligibility for retirement.

CAN I BUY ADDITIONAL SERVICE TOWARDS MY RETIREMENT?

You can acquire credit for a number of specific types of service. Generally, this is previous service rendered as an employee of the State or County that you are currently not credited with, service with an agency which has since been transferred to the State, or leaves of absence with or without pay while on professional improvement or industrial injury where insufficient retirement contributions were made.

Maternity leaves prior to July 1, 1973, and active military

service may also be credited, subject to certain provisions and limitations.

You must file a claim with the ERS. After ERS certifies the service, you will be provided the cost and payment options to acquire the service.

WHAT ARE THE ELIGIBILITY REQUIREMENTS AND BENEFITS FOR A SERVICE RETIREMENT?

Age 55 with a minimum of 30 years of credited service excluding sick leave OR age 62 with a minimum of 5 years of credited service.

Your benefit will consist of a pension for life based on the formula:

$$2\% \times \text{years of service} \times \text{average final compensation (AFC) or salary}$$

Example:

- Member with 30 years of service and a monthly AFC of \$2,500
- $2\% \times 30 \text{ years} = 60\% \times 2,500 = \$1,500.00$
- Member will receive a monthly pension of \$1,500.00

The actual amount of your lifetime pension depends on your AFC, your credited service when you retire and the retirement option you select. For early retirement age 55 with at least 20 years, but less than 30, your pension is reduced if you are under age 62.

Age reduction factors:

- 5% for each year below age 62

AFC is the average of your three highest years of earnings excluding any lump sum vacation pay if you began employment on January 1, 1971, or thereafter. If your employment began before January 1, 1971, your AFC will be the average of your three highest years or your five highest years of earnings including any lump sum vacation pay, whichever is greater.

If a member has Noncontributory plan service, benefit will be based on a split formula

$$1.25\% \times \text{years of credited Noncontributory service} \times \text{AFC} \\ \text{plus, } 2\% \times \text{years of credited Hybrid service} \times \text{AFC}.$$